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Preparing clients for natural disasters and other emergencies
By Rob Burgess
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The recent fires in California, flooding in North Carolina and other disasters have given a fresh reminder to advisors to help their clients prepare for the worst before it's too late.

When disaster strikes, maintaining financial security can be nearly as important as physical safety. Advisors — especially those who have weathered such events themselves — are uniquely equipped to guide clients on how to prepare for, and recover from disasters. Often drawing from their own experiences, advisors stress the importance of proactive planning.

'My "What if?" moment was national'
Today, Reverend Dr. Nicole B. Simpson is the founder of Harvest Wealth Financial in New York City. But on Sept. 11, 2001, she was working as a portfolio manager in Morgan Stanley's 73rd-floor office in the South Tower of the World Trade Center.

That "beautiful Tuesday morning" changed suddenly when a hijacked passenger plane slammed into the neighboring North Tower. Simpson said the lights flickered and the South Tower began to sway. From inside, it was initially unclear what had happened.

"It felt like hours, but just a few minutes had passed," she said. "I walked over to my partner's office and looked out the window. I saw burning paper flying around."

Though she momentarily considered staying put, Simpson decided to evacuate. But on her way out, a Port Authority announcement declared the South Tower secure — so she boarded an elevator to the 44th floor sky lobby so she could make her way back to her office. Yet on arrival at the 44th floor, Simpson suddenly "felt compelled" to step off the elevator, narrowly escaping the second plane's impact moments later.

"The elevators came crashing down, and fire exploded out of the doors," she said. "I saw an exit and began to walk down from the 44th floor."

Simpson said that fateful day, which took the lives of nearly 3,000 people, changed the course of her career and how she viewed her professional responsibility.

"Instead of simply focusing on wealth accumulation, I used 9/11 as a personal narrative to protect clients from unforeseen death, disability and loss of income,"

she said. "I broadened the concept of financial planning so I could incorporate the question, 'What if?' into a family's strategic life plan."

Simpson said she began to focus on economic trauma and how to recover from catastrophic experiences. In September 2024, she published the book, "Breaking Free From Financial Trauma: A Practical Guide To Embracing Emotional Health & Financial Freedom."

"I learned on Sept. 11, 2001, that life was short and financial planners can guide their clients to dream about the life they desire, work towards accumulating the wealth to achieve their goals and protect [from] the unknown variables," she said. "We will have experiences and challenges that have the potential to impact us detrimentally if we do not have a strategic life plan. My 'What if?' moment was national, but it taught me that whether the disaster is natural or man-made, the economic pain is real."

Stay ready

Jay Zigmont, CEO and founder of Childfree Wealth in Mount Juliet, Tennessee, said as a former paramedic who responded to all manner of emergencies, his "outlook on this is a bit different." He said his deployment in response to Hurricane Katrina in 2005 was his "first true taste of what Mother Nature can do."

"I saw communities wrecked, and I saw them come together," he said. "We never know when the next disaster will hit, but we can be prepared for it and help each other when it comes."

Zigmont said he has recently had to help clients on both coasts with disaster recovery. For his clients in disaster-prone areas, especially on the coasts, planning includes having the right insurance, documents and plan for relocation or escape as needed, he said.

"As a financial planner, my job after an emergency is to provide support and a thinking partner," he said. "When my client's home or business may have been wiped out they are emotional and spent, rightfully so. As a planner, I can help them to first figure out a safe place to stay, then how to deal with their finances, insurance and more. I'm there to make sure they don't overlook things, and take advantage of programs like FEMA disaster relief, SBA loans and more."

Keep cash — and other necessities — on hand

Twin brothers Vishal and Tushar Kumar co-founded Twin Peaks Wealth Advisors in San Francisco. Tushar currently lives in Los Angeles and has been actively having planning conversations with clients as the fires there rage. He said one of the most important steps is to make sure that clients maintain liquid cash reserves of six to 12 months to cover unexpected costs like temporary relocation, repairs or loss of income.

"From experience, clients who are well-prepared can navigate disasters with less

stress and quicker recovery," said Vishal Kumar.

Joe Buhrmann, senior financial planning consultant at Fidelity's eMoney Advisor, said clients should be encouraged to create a "go-bag" filled with everything they'd need to survive a 72-hour emergency, including food, water, flashlight and so on.

Given that emergencies are often chaotic, Cynthia Luna, principal wealth advisor with Moonshot Financial Group in Waxahachie, Texas, said she reminds clients to keep a list of their prescriptions on their phone or somewhere else handy, along with dosage amounts.

"It's also always smart to have a weekend bag ready with your essentials if you have to leave for the weekend; think of personal care items as well as vitamins," she said. "Most of my clients have a binder with all of their financial statements or all the documents in a fireproof box so that would be easy to grab on the way out."

For clients who live in natural-disaster-prone locations, advisors might recommend setting up a P.O. box before any emergency occurs. This makes it easy for them to redirect bills and statements and reduces headaches, said Jorie B. Johnson, founder of Financial Futures in Brielle, New Jersey.

"Waiting for mail to be forwarded through the postal service can take weeks for delivery," she said.

Documents, digitization and details

Simpson said natural disasters around the world create an opportunity to communicate with clients to determine their financial vulnerabilities. She finds a best practice is to include economic disaster readiness in annual review meetings with clients.

"As I am reviewing the assets, I take the time to revisit beneficiary allocations and insurance reviews," she said. "In addition, I encourage clients to make copies of important papers and house them in easily accessible spaces, along with important telephone and account numbers."

Buhrmann said he encourages advisors to have a "scan day" with their clients to ensure they have digital copies of their key documents, financial and otherwise. Should disaster strike, these files would still be readily available.

"Help your clients get organized by scanning in all their important documents — wills, trust, passports, drivers' licenses, investment accounts, tax returns and so on — and help them upload and store the information in a secure vault," he said.

Another practical way advisors can help clients prepare for a disaster is to capture key details about family professional relationships, estate planning documents and financial accounts in a single, comprehensive place, said Jeff

McGovern, founder and lead financial planner of Haven Wealth Planning in St. Louis. Specifically, clients can organize and communicate their key details in an "In Case of Emergency" inventory. Such an inventory file, McGovern said, should include names and contact information for their legal, financial, health care and accounting professionals; estate documents; insurance policies; banking, loan and investment accounts; daily household finances; and income sources.

In the same vein, advisors can recommend that clients create a comprehensive home inventory that catalogs their personal property, said McGovern. Besides listing all items, the inventory can include serial number, make or model number, date of purchase, receipts, and any related bills, documents, appraisals or estimated value.

"Your home inventory can … help establish the fair and objectively correct value of any lost or destroyed possessions," he said. In addition to the detailed list, McGovern recommended additional steps for documentation.

"Video your personal property, especially items with unique or expensive qualities. This can help you later during the claims process," he said. Clients should also take photos of furniture, appliances, electronics, clothing, jewelry and tools from multiple angles, in detail and individually instead of in groups.

"If you have custom storage solutions for specific items, showing how they are stored can demonstrate the care in which the items were stored and maintained," he said.

The collected documentation can be stored digitally on the cloud or physically on encrypted drives or devices. Either way, such lists should enable clients to keep records up-to-date, accessible and secure, said McGovern.

Pay attention to insurance, before and after a disaster

Tushar Kumar said his firm encourages clients to annually review homeowner, renter and umbrella insurance policies to ensure they have adequate coverage for risks specific to their region, such as flood or wildfire damage.

Daniel E. Milks, co-founder and operations officer of Woodmark Wealth Management in Greenville, South Carolina, has worked with clients who experienced natural disasters including flooding and hurricanes.

"One of the biggest lessons learned is the importance of not waiting to prepare," he said. "Many clients who had comprehensive insurance policies and emergency funds were better able to recover financially, whereas others who didn't have enough coverage or cash reserves faced significant setbacks."

In addition to making sure clients carry the types of coverage appropriate to their specific locale, such as fire, flood, earthquake, wind, hail and so on, Buhrmann said advisors should also encourage clients to make sure their homes are insured for their full current value. Rapid home value appreciation can lead

to a client potentially being underinsured, he said. In some cases, the costs to rebuild after a disaster can increase dramatically.

"As a result, this can feel like 'salt on a wound,' where someone who had a home insured for $800,000 discovers that it will cost more than $1 million to rebuild it, leaving the homeowner to liquidate retirement or investment accounts to pick up the difference," he said.

Zigmont said in the aftermath of a disaster, dealing with insurance companies, contractors and disaster recovery workers can be challenging — so challenging that it can be worthwhile to retain extra help.

"I encourage all of my clients who had a disaster to enlist an independent adjuster to fight for them with their insurance company," he said.

Post-disaster, beware of scammers

Sam Javanmard, a financial planner with First Point Financial Management in Calabasas, California, said both he and several of his clients are survivors of the recent fires in greater Los Angeles. He said after a disaster, it's critical to stay alert for scams.

"Bad actors often prey on communities eager to recover," he said. "While it's natural to want to help quickly, it's essential to remain cautious and verify … contractors and aid organizations before moving forward."

Bryan Cassick, a financial advisor with Warren Street Wealth Advisors said his firm warns clients by "encouraging them to verify the legitimacy of any unsolicited offers or requests for financial information."

And instead of using cash for services, Buhrmann said he tells his clients to use secure payment methods like checks or credit cards.

"This can create a record of your transactions," he said.

Overall, Simpson said advisors should routinely encourage clients to think about how they can protect themselves, their family and their assets.

"Wealth accumulation without consideration for wealth protection leaves families vulnerable," she said.